

Some proposals on the informational contents for the pilot survey on social exclusion

*Strengthening of the National
Statistical System of Armenia –
Phase II*

*Mission on Poverty Statistics
Activity 4.1: Assessment and
planning of pilot survey*

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EU standard on poverty & social exclusion

Main instrument:

EU-SILC is *“the reference source for comparative statistics on income distribution and social inclusion in the European Union (EU).”*

Main indicator:

at risk of poverty or social exclusion rate (AROPE) refers to the situation of people either at risk of poverty, or severely materially deprived or living in a household with a very low work intensity.

AROPE is a composite union indicator (at risk of poverty or social exclusion, i.e. deprived in at least one the three dimensions)

AROPE components: 1- monetary poverty

1. At risk of poverty rate (ARP): a quantitative indicator for monetary poverty, based on income distribution. It is not expressed in absolute terms, but in relative ones.
It is the share of people with an [equivalised disposable income](#) below the at-risk-of-poverty threshold, which is set at 60 % of the national [median](#) equivalised disposable income.

In Armenian ILCS monetary poverty estimation is based on the consumption aggregate; absolute rather than relative measure

It is not suggested to change this approach

AROPE components: 2- low work intensity

2. The indicator **persons living in households with low work intensity** is calculated as the ratio of the total number of months that all working-age household members have worked during the year and the total number of months the same household members theoretically could have worked in the same period (threshold set at 0.20).

In Armenian ILCS employment dimension is already investigated. Ilo definition (same as LFS) is being used. Implementing a set of questions for the calculation of low work intensity indicator appears to be excessively costly with respect to potential benefits.

At this stage, it is not recommended to implement this indicator

AROPE components: 3- material deprivation items

3. Material deprivation refers to the inability for individuals or households to afford those consumption goods and activities that are typical in a society at a given point in time, irrespective of people's preferences with respect to these items.

Measures of material deprivation provide a complementary perspective on poverty to that provided by conventional monetary poverty measures.

Unlike relative income poverty, material deprivation also reflects differences in absolute living standards among EU countries

Implementing EU-SILC (S)MD indicator in ILCS

In the Armenian ILCS questionnaire many items, proved to be relevant from a material deprivation perspective, are already included.

The contents of the pilot questionnaire should be built on EU-SILC target variables on material deprivation and other relevant variables. The aim is converge towards the EU-SILC contents without damaging the current Armenian ILC contents.

A concrete objective is to be able to compute indicator of severe material deprivation as it is specified in EU-SILC

(S)MD in EU-SILC: the current situation

The EU-SILC material deprivation items will be revised, and it is likely to cover 13 items rather than the current 9.

List of 9 items:

- mortgage or rent payments, utility bills, hire purchase instalments or other loan payments;
- one week's holiday away from home;
- a meal with meat, chicken, fish or vegetarian equivalent every second day;
- unexpected financial expenses;
- a telephone (including mobile telephone);
- a colour TV;
- a washing machine;
- a car;
- heating to keep the home sufficiently warm.

Enforced lack of washing machine, television and telephone are proposed to be dropped from the current 9 items.

New items for (S)MD in EU-SILC

The questions that are not in the old list but are in the new 13 items list are:

For all adults 16 +:

- replace worn-out clothes by some new ones;
- have two pairs of properly fitting shoes;
- spend a small amount of money each week on him/herself;
- have regular leisure activities;
- get together with friends/family for a drink/meal at least monthly

At household level:

- replacing worn-out furniture;
- both a computer and internet connection;

Proposal

- The entire list of 13 items could be put in the pilot for testing results.
- The formulation should follow EU-SILC target variables' one.
- The list could/should be enlarged to include child-specific material deprivation items, in addition to those already collected through Child needs questionnaire
- The NSSRA staff should consider any other country-specific item which could be meaningful for material deprivation

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